



Resolution No. 2016R-080

City of Minneapolis

File No. 16-00291

By Goodman

Granting preliminary approval to the issuance of tax-exempt, multifamily-housing, revenue obligations under Minnesota Statutes, Chapter 462C, as amended, for the purpose of financing a housing program consisting of the acquisition, construction, and rehabilitation of a multifamily rental housing development at 1500 Plymouth Ave N and 2625 Stevens Ave S, for the benefit of Plymouth Stevens House, LP.

Whereas, the City of Minneapolis, Minnesota (the "City"), is authorized, under the provisions of Minnesota Statutes, Chapter 462C, as amended (the "Act"), to develop and administer programs to finance one or more multifamily housing developments within its boundaries; and

Whereas, Section 462C.07 of the Act authorizes the City to issue and sell revenue bonds or obligations to finance programs for multifamily housing developments; and

Whereas, representatives of Plymouth Stevens House, LP, a Minnesota limited partnership (the "Borrower"), have requested that the City adopt a multifamily housing development program (the "Program") to provide for the issuance of one or more tax-exempt, multifamily-housing, revenue bonds or notes, in an aggregate principal amount of approximately \$17,500,000 (the "Obligations"), for the purpose of loaning the proceeds thereof to the Borrower to finance the acquisition, construction, and rehabilitation of 207 units of multifamily rental apartments, and facilities functionally related and subordinate thereto, to be located at 1500 Plymouth Avenue North in the City and at 2625 Stevens Avenue South in the City (the "Project") to be owned by the Borrower, the general partner of which is Plymouth Stevens House, LLC, a Minnesota limited liability company; and

Whereas, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder, require that prior to the issuance of the Obligations, this Council must approve the Obligations after conducting a public hearing thereon preceded by publication of a notice of public hearing (in the form required by Section 147(f) of the Code and applicable regulations) in a newspaper of general circulation at least fourteen (14) days prior to the public hearing date; and

Whereas, Section 462C.04 of the Act requires that, as a condition to the issuance of the Obligations, a public hearing must be held on the Program after one publication of notice in a newspaper of circulating generally in the City at least fifteen (15) days before the hearing; and

Whereas, in accordance with the requirements of the Act and the Code, a notice of public hearing in the form required by the Act and Section 147(f) of the Code was published in *Finance & Commerce*, the official newspaper of the City, on February 13, 2016, and in the *Star Tribune*, a newspaper of general circulation in the City, on February 13, 2016; and

Whereas, in accordance with the requirements of Section 462C.04 of the Act, the Program was submitted to the Metropolitan Council for its review and comment on or before the date of publication of the notice of public hearing; and



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Whereas, the Community Development & Regulatory Services Committee of the Minneapolis City Council, on behalf of the City, held a public hearing on the Program and the proposed issuance of the Obligations in accordance with the requirements of the Act and the Code; and

Whereas, the Obligations shall not constitute a debt of the City within the meaning of any state constitutional provision or statutory limitation, the Obligations shall not constitute or give rise to a charge against the general credit or taxing powers of the City, the Obligations shall not constitute or give rise to a pecuniary liability of the City, and the Obligations shall be payable solely out of any funds and properties expressly pledged as security therefor;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the Program is hereby approved and adopted by the City.

Be It Further Resolved that the issuance of the Obligations in accordance with the terms and conditions of the Act and the Program in an aggregate principal amount of approximately \$17,500,000 is hereby preliminarily approved.

Be It Further Resolved that the foregoing preliminary approval of the issuance of the Obligations shall be subject to a final approval by the City of the Obligations and the documents providing for the purchase and sale of the Obligations and the loan of the proceeds of the Obligations to the Borrower. The approval of the Program and the Obligations in this resolution shall not constitute an irrevocable commitment on the part of the City to issue the Obligations.

Be It Further Resolved that the Borrower shall pay to the City any and all costs incurred by the City in connection with the Obligations or the financing of the Project, whether or not the financing of the Project is carried to completion, and whether or not the Obligations or operative instruments are executed and delivered. The Borrower shall also comply with the City's deposit and fee policies respecting the Obligations.

Be It Further Resolved that the adoption of this resolution does not constitute a guaranty or firm commitment that the City will issue the Obligations as requested by the Borrower. The City retains the right in its sole discretion to withdraw from participation and accordingly not to issue the Obligations, or issue the Obligations in an amount less than the amount referred to herein should the City at any time prior to issuance thereof determine not to issue the Obligations, or to issue the Obligations in an amount less than the amount referred to herein, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

Be It Further Resolved that the United States Department of the Treasury has promulgated final regulations governing the use of the proceeds of tax-exempt obligations, all or a portion of which are to be used to reimburse the City or a borrower from the City for project expenditures paid prior to the date of issuance of such obligations. Those regulations, including Treasury Regulations, Section 1.150-2 (the "Regulations"), require that the City adopt a statement of official intent to reimburse an original expenditure not later than sixty (60) days after payment of the original expenditure. The Regulations also generally require that the Obligations be issued and the reimbursement allocation made from the proceeds of the Obligations occur within eighteen (18) months after the later of: (i) the date the expenditure is paid; or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the Obligations.

Be It Further Resolved that the City reasonably expects to reimburse the Borrower and the School for the expenditures made for costs of the Project from the proceeds of the Obligations in an estimated maximum aggregate principal amount of \$17,500,000 after the date of payment of all or a portion of the costs of the Project. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the



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Obligations, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations and also qualifying expenditures under the Act.

Be It Further Resolved that based on representations by the Borrower, no expenditures for the Project have been made by the Borrower more than sixty (60) days before the date of adoption of this resolution other than: (i) expenditures to be paid or reimbursed from sources other than the Obligations; (ii) expenditures permitted to be reimbursed under prior regulations pursuant to the transitional provision contained in Section 1.150-2(j)(2)(i)(B) of the Regulations; (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations; or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations).

Be It Further Resolved that based on representations by the Borrower, as of the date hereof, there are no funds of the Borrower reserved, allocated on a long term-basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project to be financed from proceeds of the Obligations, other than pursuant to the issuance of the Obligations. This resolution, therefore, is determined to be consistent with the budgetary and financial circumstances of the Borrower as they exist or are reasonably foreseeable on the date hereof.

Be It Further Resolved that in anticipation of the issuance of the Obligations to finance all or a portion of the Project, and in order that completion of the Project will not be unduly delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the Obligations, as the Borrower considers necessary, including the use of interim, short-term financing, subject to reimbursement from the proceeds of the Obligations if and when delivered but otherwise without liability on the part of the City.

Be It Further Resolved that the staff of the City is hereby authorized, in cooperation with bond counsel, to take all steps necessary and desirable to proceed to develop the Program and to issue the Obligations.

Committee: CDRS Public Hearing: 3/1/2016 Publication: MAR 26 2016

RECORD OF COUNCIL VOTE				
MEMBER	AYE	NAY	ABSTAIN	ABSENT
REICH	X			
GORDON	X			
FREY	X			
B. JOHNSON	X			
YANG	X			
WARSAME	X			
GOODMAN	X			
GLIDDEN	X			
CANO	X			
BENDER	X			
QUINCY	X			
A. JOHNSON	X			
PALMISANO	X			
DATE:	MAR 18 2016			

☒ APPROVED

☐ VETOED

  
MAYOR HODGES

MAR 23 2016

DATE

*Certified an official action of the City Council*

ATTEST:

  
CITY CLERK

Presented to the Mayor:

MAR 18 2016

Received from the Mayor:

MAR 23 2016